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Approved For Release 2003/04/29 : CIA-RDP84-00780R000400010004-5

Briefing by Fuchs and

Subject: Improved Financial Data


Wednesday, 8 April, 4 p.m.

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10 March 1964

Colonel White:

The two briefings by Fuchs and   
still did not cover the third item, "Improved  
Financial Data." Would you like this covered  
by a separate briefing since the Policy and  
Systems Staff regular briefing is not scheduled  
until June?

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FILE *Accounting*

29 FEB 1964

MEMORANDUM FOR: Director of Finance

SUBJECT : Improved Financial Data

REFERENCE : Memo dtd 10 Jan 64 to D/BPAM and AD/CS  
fr D/F, same subject

1. I have reviewed with interest the reference memorandum as well as Mr. Becker's reply indicating that he would be able to meet the deadlines you specified. While my knowledge of your planned program is limited to what I have been able to gain from these two memorandums, it strikes me that the time phasing is subject to a rather delicate balance. It is also my impression that the quality of the system in all of its phases may be difficult to maintain under the pressure of a short deadline for completion. I would be particularly concerned that we insure that personnel who may be affected by the procedures have an ample opportunity to become thoroughly familiar with the new system before it is made effective. To put it another way, I would hesitate to install a system to satisfy a headquarters requirement if it means that an undue burden will be placed upon the field in order to satisfy a short deadline.

2. This is another area of your activity which I would like to know better and perhaps you could include some general but thorough coverage when you arrange to have the Policy and Systems Staff discuss with me our proprietary activities.

Signed

L. K. White  
Deputy Director  
for Support

SA-DD/S:RHW:kbb ( 27 Feb 64)

Retyped:fmf (28 Feb 64)

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22 January 1964

MEMORANDUM FOR: Director of Budget, Program Analysis  
and Manpower

Director of Finance

SUBJECT : Financial Code for FY 1965

REFERENCES : Memorandum from: Director of Budget, Program  
Analysis and Manpower; To: AD/Office of Computer  
Services; same subject; 10 January 1964.

Memorandum from: Director of Finance; To:  
AD/Office of Computer Services; Subject: Improved  
Financial Data; 10 January 1964

1. OCS has completed its review of the scope of the machine-  
related tasks involved in satisfying your requirement for developing  
improved financial data for management.

2. Meeting the target dates of 1 May 1964 and 1 July 1964 for  
each aspect of the machine requirements is a formidable task which will  
necessitate considerable added effort on the part of OCS programmers  
and analysts. However, it is our judgment that the target dates can be  
met, provided programming is begun by 1 February 1964 and the FAN  
Data Sheets have been designed and filled in by 15 March 1964.

3. It is my understanding also that the scope of the project  
for this year (FY65) has been broadened to include the incorporation of  
obligation controls as part of the FAN system, since the referenced  
memoranda were written. (This is point 1b and 1c of referenced  
memorandum.) Our estimates include this additional requirement.

4. Mr. [ ] who is most familiar with the project,  
will be the analyst representing OCS. He will work closely with your  
people and with the Finance Office Committee to ensure the completion  
of the project within the allotted time.

JOSEPH BECKER

cc: DD/S&T  
✓DD/S

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Assistant Director,  
Computer Services

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MEMORANDUM FOR: Director, Office of Budget, Program  
Analysis and Manpower  
Assistant Director for Computer Services

SUBJECT : Improved Financial Data

1. During the last two years the former Office of the Comptroller had been aware of the inability of the financial coding system to meet the rapidly changing demands for data. The current coding structure was established about eight years ago under conventional punch card accounting machine methods. At the time the rigid structure (12 digits) was the most feasible available and had sufficient built-in flexibility to meet foreseen requirements. With the advent of the computer system and growing budgets came a demand for financial data that has exceeded the capability of the 12 digit structure. The offices began maintaining manual records to secure the additional financial data. Realizing that this results in using manpower for record keeping that could be better used for other purposes, coupled with one of the long range objectives of the Comptroller to provide better financial data as an aid in the decision making process of planning for and controlling the use of Agency resources, I determined that a new coding system must be made available for Fiscal Year 1965. I appointed a task group in July 1963 to develop a system that would not only fill current requirements but would be completely flexible to meet any future requirement.

2. The attainment of this objective will require a system encompassing the determination of the requirements for financial data; its collection, processing, and timely analytical reporting; and the preparation and evaluation of budgets. The use of data processing equipment is essential to the successful operation of such a system. The task group reported in early November 1963 and recommended an "Activities Financial Analysis and Budget" system (Operation AFAB). I approved the recommendation and directed that the task group, effective 1 December 1963, devote its major effort to the orderly development and implementation of the system.

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**3. In summary, operation AFAB consists of four phases:**

**a. Phase 1 - The establishment of the Activity Structure (Project AS). A beginning was made in this area with the structure used in the Fiscal Years 1964 and 1965 budget preparation and presentation. Most of the financial data was prepared manually.**

**b. Phase 2 - If managers are to control Agency activities and to test the validity of the activity structure, the accounting data must reflect actual results in the same terms. Therefore, Phase 2 of Operation AFAB called for the development of a mechanism to code and process financial data in a flexible manner; Project FAN (Financial Analysis Number) was to become effective beginning with Fiscal Year 1965.**

**c. Phase 3 - An analytical and timely reporting system geared to serve management needs at the Agency, major component and operating levels is essential. Phase 3, Project ARM (Analytical Reporting for Managers) was to be fully operative for Fiscal Year 1966.**

**d. Phase 4 - The ultimate objective in the proper utilization of budget analyst manpower is to provide for machine preparation of budget documents. Phase 4, Project BED (Budget Evaluation and Development) was to be effective for Fiscal Year 1967.**

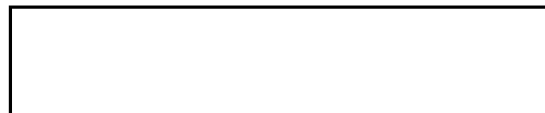
**4. The reorganization of the Office of the Comptroller in the latter part of November 1963 resulted in a diffusion of responsibility for this program (Operation AFAB). After the reorganization, representatives of the Office of Budget, Program Analysis and Manpower (OBPAM) and the Office of Computer Services (OCS) were briefed on Operation AFAB. As a result of the reorganization, OBPAM has the responsibility for Phase 1 and OCS for Phase 2. On the other hand, OF is responsible for maintaining the basic financial data and for the content and timely issuance of financial reports. It follows that OF stands to bear any criticism for the insufficiency of data and inadequacy in reporting. If we**

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are to maintain the schedule outlined in paragraph 3 for Phases 1 and 2, OF personnel throughout the world must be informed and prepared early enough to permit the processing of accounting documents beginning 1 July 1964. My original schedule for these phases, now the responsibilities of OBPAM and OCS, provided for completion by 1 May 1964. I wish to remind you that if these deadlines cannot now be met, OF will not be able to institute the detail accounting procedures until 1 July 1965. This is in accord with good accounting practices that major changes in accounting should become effective only at the beginning of a fiscal year; retroactive procedures result in untold confusion and complications for the several years that are required to close the records for one fiscal year activity.

5. This Office would be glad to cooperate with you in any way possible in performing the necessary preliminary work to make Phases 1 and 2 of this program effective beginning with Fiscal Year 1965. It is my feeling that it would be most unfortunate if this schedule is not attained and it is suggested that those of us concerned (OBPAM, OCS and OF) meet and reaffirm the target dates outlined in paragraph 3 which will enable us to obtain the desired objectives.

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R. H. FUCHS  
Director of Finance

cc: Exec. Dir-Comptroller  
DD/S

FINANCE:JLB/vhj (10 Jan 64)

Distribution:

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